

**MCO P1741.11**

# **SURVIVOR BENEFIT PLAN**



**U. S. MARINE CORPS**

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DEPARTMENT OF THE NAVY  
HEADQUARTERS UNITED STATES MARINE CORPS  
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From: Commandant of the Marine Corps  
To: Distribution List

Subj: Survivor Benefit Plan (SBP)

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Encl: (1) LOCATOR SHEET

1. Purpose. To publish the policies and procedures for the administration of the SBP per the reference.

2. Cancellation. MCO P1741.11A.

3. Background. The SBP was enacted by Public Law 92-425 on 21 September 1972, and has been amended by Public Law 94-496 of 14 October 1976, Public Law 95-397 of 30 September 1978, Public Law 96-402 of 9 October 1980, portions of Public Law 97-252 of 8 September 1982, Public Law 98-94 of 24 September 1983, Public Law 98-525 of 19 October 1984, and Public Law 99-145 of 8 November 1985.

4. Summary of Revision. This revision contains a substantial number of changes and must be completely reviewed.

5. Recommendation. Recommendations concerning the SBP are invited and will be submitted to the Commandant of the Marine Corps (MMSR-6) through the chain of command.

6. Reserve Applicability. This Manual is not applicable to the Marine Corps Reserve.

7. Certification. Reviewed and approved this date.

  
K. D. JORDAN  
By direction

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ENCLOSURE (1)

SURVIVOR BENEFIT PLAN

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# SURVIVOR BENEFIT PLAN

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SURVIVOR BENEFIT PLAN

CHAPTER 1

GENERAL PROVISIONS, SCOPE, AND COMMAND RESPONSIBILITIES

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## CHAPTER 1

## GENERAL PROVISIONS, SCOPE, AND COMMAND RESPONSIBILITIES

1000. GENERAL PROVISIONS

1. The Survivor Benefit Plan, referred to in this Manual as the SBP or the Plan, replaces the Retired Serviceman's Family Protection Plan (RSFPP) formerly called the Uniformed Services Contingency Option Act. It allows all members of the uniformed services who will be entitled to retired pay to leave an annuity to their designated survivors at a reasonable cost. The surviving spouse or former spouse, named by the participating member receives 55 percent of the base amount chosen by the member (any amount from \$300 to gross retired pay) until age 62 and 35 percent of the base amount after age 62. If a member has a spouse and chooses not to enroll in the Plan, chooses child only coverage, or chooses coverage at less than the maximum level, this election must have spousal concurrence.
2. The SBP guarantees a minimum income for surviving spouses of members who retired before 21 September 1972, died before 21 September 1973, and who had never chosen coverage under the Plan.
3. The SBP also makes it possible for payment of an annuity to a surviving spouse of a member who died before 21 September 1972 while serving on active duty for a period of not less than 20 years and who was entitled to retired pay at the time of death or would have been entitled to that pay except that the member had not applied for or been granted that pay. This annuity is payable to eligible children of these active duty members only if there is no surviving spouse or the surviving spouse subsequently dies.
4. A member may elect coverage for a former spouse rather than the current spouse under the Plan. Former spouse coverage requires only spousal notification rather than concurrence.

1001. SCOPE. This Manual contains detailed instructions for the administration of the Plan and takes precedence over any other Marine Corps order about the SBP. Because of the possible legal implications and effect on a member's pay, all elections must be documented by Service Record Book (SRB) or Officer Qualification Record (OQR) page 11 entries and the election form will be kept in the member's permanent pay record.

1002. COMMAND RESPONSIBILITY

1. Counseling of the Member and the Spouse. It is the responsibility of the commander to make certain each Marine is counseled on the SBP, the election options available and the effects of such elections, before the member becomes entitled to retired pay. The Marine must receive at least two counseling sessions and the spouse must attend one of these sessions, but should be encouraged to attend both. The first counseling session shall occur in the 18th year of the member's service. This counseling is for informational purposes only and no election will be made by the member at this time. The second counseling will take place at least 60 days before the member receives retired pay. At this time, the member and the spouse will be given a detailed briefing on the SBP and the Survivor Benefit Plan Election Certificate (DD Form 1883) should be completed and submitted to the Marine Corps Finance Center (MCFC). Appendix A is an SBP briefing guide which should be used for both group and individual counseling sessions.
  - a. If no DD Form 1883 (see appendix B), signed by the member, is received at the MCFC (CPR) before the first day the member becomes eligible for retired pay, the member is automatically enrolled in the SBP at the maximum level. In all cases, regardless of the level of participation, including a decision by the member to take full coverage, a completed DD Form 1883 will be sent to the MCFC (CPR) at least 30 days before the date of retirement.
  - b. Spousal consent is required if a married member elects not to participate, to participate at less than the maximum level, or to participate with child coverage only. The spousal consent, witnessed by one or more persons, excluding the member, will be made on the reverse of the DD Form 1883 (see

appendix B). A copy of the DD Form 1883, completed by the member and the spouse, will be filed on the document side of the SRB or OQR.

c. If the member and the spouse are not collocated and the spouse cannot accompany the member to the command, a letter setting forth the Plan's election options and the DD Form 1883 executed by the member must be mailed to the spouse by certified mail, return receipt requested (this must be done even though the member may be electing maximum coverage). Appendices C and D will be used for this purpose. The spouse must be instructed to complete the statement on the reverse of the form and mail it to the command. The command will provide a return postage paid envelope for this purpose.

d. When the spouse's whereabouts is unknown, the member must sign a statement on the reverse of the DD Form 1883 (see appendix E). The commander will attest to the member's inability to locate the spouse.

e. If because of exceptional circumstances, the command does not believe the spouse's concurrence is proper (for example: mental incompetence), the DD Form 1883 executed by the member must be sent to CMC (MMSR-6) for review. Supporting documents, such as judicial determinations or medical evidence, must be attached to the form. To allow time for administrative processing, the DD Form 1883 and documents must be received 30 days before the date the member becomes eligible for retired pay.

f. All elections received at the MCFC from married members for no coverage, less than maximum coverage or child only coverage without spousal concurrence statement will be considered void and the member will be enrolled in the SBP for full coverage. If the spousal concurrence is received after retirement, the only way the case may be reconsidered is by an administrative determination as discussed in paragraph 1002.2 of this Manual.

g. The requirements for spousal concurrence do not affect any obligations or right of the member to provide coverage for a former spouse instead of the current spouse. If the member elects former spouse coverage, concurrence is not required but the current spouse must be notified (see appendices D and F).

h. In all instances, the member's decision with regard to the SBP, as well as the method by which the spouse was notified and/or concurrence was obtained (in person or in writing), will be recorded in the SRB or OQR per the current edition of MCO P1070.12. If mail is used, the certified mail return receipt will be affixed to the SRB or OQR entry.

2. Administrative Error. Although all elections are irrevocable after the first day the member becomes entitled to retired pay, the Secretary of the Navy (SecNav), or a person designated by the Secretary, may change or revoke an election when it is considered necessary to correct an administrative error. All cases requiring an administrative determination should be sent to CMC (MMSR-6).

3. Mental Incompetence of Member. When a member is determined to be mentally incompetent by a medical officer or is adjudged mentally incompetent by a court of competent jurisdiction and because of such mental incompetency is incapable of making an SBP election, the SecNav may make the proper election in behalf of the member upon request of the spouse, child or children, guardian or trustee of the incompetent member. The commander is responsible to make sure the family or guardian of an incompetent member is counseled and allowed to request coverage. The DD Form 1883, completed by the family member or trustee, and court order must be sent to the MCFC (CPR) before the date the member becomes entitled to retired pay. Upon receipt, it will be sent to SecNav for a determination.

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CHAPTER 2

DEFINITIONS

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## CHAPTER 2

## DEFINITIONS

2000. DEFINITIONS. The words and terms used in this Manual are defined as follows:

1. Date of Receipt of Election. The day the MCFC receives the member's election or, in cases where the intent of the member might be prejudiced, the date of the postmark.

2. Deemed Election. If a member is required under a court order or spousal agreement to provide an annuity to a former spouse when eligible to participate in SBP and does not do so, the former spouse may send a copy of the court order or legal agreement to the MCFC to effect the coverage.

3. Dependent Child. An unmarried child who is:

a. Under 18, or at least 18 but under 22 if pursuing a full-time course of study or training in a high school, trade school, technical or vocational institute, junior college, university, or comparable educational institution.

(1) A child whose 22nd birthday occurs before 1 July or after 31 August of a calendar year while pursuing a full-time course of study or training, is considered to become 22 years of age on the 1st day of July after the child's birth date.

(2) Students shall continue to be considered dependents during the interim between school years, but not for longer than 150 days. Students must provide true evidence of intent to continue study or training in the same or a different school during the next school semester or during any other period which divides the school year.

b. Incapable of self-support because of a mental or physical incapacity which existed before the child's 18th birthday, or that was incurred before age 22 during the pursuit of a full-time course of study or training.

c. An adopted child, stepchild, foster child, grandchild or recognized natural child who lived with the retiree in a regular parent-child relationship.

NOTE: To qualify as a dependent child, a foster child or grandchild must reside with the retiree at the time of death, receive over one-half of support from the retiree, and not be cared for under a social agency contract.

4. Dependency and Indemnity Compensation (DIC). DIC, payable by the Veterans Administration (VA) in cases where the member's death is ruled service-connected.

5. Former Spouse. The former spouse of the deceased retiree for whom the retiree elected to provide an annuity and:

a. Was the member's spouse on the date the member became entitled to retired pay, but was divorced from the member after retirement; or

b. Was the member's former spouse on the date the member became entitled to retired pay; or

c. Married the member after retirement and was married for at least 1 year, but was divorced from the member prior to member's death; or

d. Married the member after retirement and was married for less than 1 year, but is the parent of a living child of the marriage and divorced from the member.

6. Member. A retiree, member of the Fleet Marine Corps Reserve (FMCR), or person serving on active duty who is retirement eligible.

7. Natural Person with an Insurable Interest. A person who has a reasonable and lawful expectation of financial benefit from the continued life of the participating member; or a

person who has a reasonable and lawful basis, founded upon the relationship of the parties to each other (whether financial, or blood, or affinity), to expect some benefit or advantage from the continuance of life of the member. An insurable interest shall be presumed to exist between the member and parents, stepparents, grandparents, grandchildren, aunts, uncles, sisters, brothers, half sisters, half brothers, dependent or nondependent children or stepchildren, or any other persons more nearly related than cousins. If the designation is other than one of the above, proof of financial benefit from the continuance of life of the member is required.

8. Retired or Retirement. Includes transfers to the retired list or the FMCR. The retired list includes Temporary Disability Retired List (TDRL), and Permanent Disability Retired List (PDRL).

9. Retired Pay. The gross pay entitlement due a member based on the type of retirement as follows:

a. Service retirement (includes FMCR's) if entered or agreed to enter the service prior to 8 September 1980 - based on years of service and pay grade.

b. Service retirement (includes FMCR's) if entered or agreed to enter the service on or after 8 September 1980 - base rate computed from the highest 36 months of basic pay and pay grade.

c. Reservist (retirement age 60) - based on pay grade and number of points accumulated.

d. Disability retirement (TDRL or PDRL) - based on pay grade and percentage of disability or pay grade and years of service.

10. Social Security Offset. That amount by which the SBP annuity is reduced as a result of the spouse being entitled to social security benefits based on the retiree's military wages while at the same time receiving SBP entitlements. It can never exceed 40 percent of the SBP annuity. The offset has been eliminated and replaced by a two-tier system. Annuities of survivors of members who were eligible to retire on 1 October 1985 will be computed under both the social security offset and the two-tier system to see which yields the largest monetary benefit (see paragraph 3002.3).

11. Surviving Spouse. The survivor of the deceased retiree who:

a. Was married to the member on the date the member became eligible for retired pay and was married to the member at time of the member's death; or

b. Married the member after retirement, was married for at least 1 year before the member's death, and was married to the member at time of the member's death; or

c. Married the member after retirement, was married for less than 1 year, was married to the member at time of the member's death, and is the parent of a living child of that marriage.

12. Two-Tier System. Annuity entitlement based on 55 percent of the amount selected for coverage until the spouse or former spouse beneficiary reaches age 62 when it drops to 35 percent. This method of computation for annuity payment will be for all Marines who did not have 20 years of active service as of 1 October 1985.

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CHAPTER 3

RULES OF THE PLAN

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## CHAPTER 3

## RULES OF THE PLAN

3000. APPLICATIONS OF PROVISIONS. The provisions of the SBP apply to:

1. Members who Initially Become Entitled to Retired Pay on or after 21 September 1972. For members in this category, an election made before that date under the RSFPP is null and void, and coverage at the maximum amount under SBP is automatically established upon retirement of a member with a spouse or dependent child in the absence of an election form (DD Form 1883). In all cases, the failure of the member to elect coverage for a particular category of dependent that existed at the time of retirement age for a particular category of dependent that existed at the time of retirement causes the member to forfeit election for that category of dependent after retirement.

2. Members who are Placed on Either the Temporary Disability Retired List (TDRL) or Permanent Disability Retired List (PDRL). A TDRL member's SBP coverage ceases when the member is removed from the retired list and is no longer eligible for retired pay. When a member is transferred from the TDRL to the PDRL no change in such member's status is considered to have occurred and any SBP election cannot be changed or revoked. If the member's retired pay is reduced to an amount less than the base amount originally elected, the full retired pay to which the member is entitled thereafter shall be considered the base amount.

3. Members who Die with Enough Service for Retirement but Before the Award of Retired Pay. (This includes those members who have completed 20 years of active service but who are not eligible to retire as a commissioned officer because 10 years of active commissioned service has not been completed.) The spouse of such member shall receive an annuity in an amount equal to the difference between the DIC payable in the surviving spouse's behalf (exclusive of any amount attributable to child entitlement or paid for aid and attendance or household allowance) and 55 percent (35 percent when surviving spouse reaches age 62) of the amount of any retired pay based upon years of service to which the member would have been entitled had that member been placed in a statutory nondisability retired status on the day of death. The grade for determining retired pay shall be that in which the member would have been otherwise eligible to retire on the date of death, and the percentage multiple for calculation of retired pay shall be that which is applicable under the statute that qualified the member for retired pay. The annuity passes to eligible children only if there is no surviving spouse or the surviving spouse subsequently dies.

4. Retired Members who Have Been Recalled to Active Duty Immediately Following Placement on the Retired List (without a Break in Service) and Die on Active Duty. The spouse of such member shall receive an annuity in an amount equal to that cited in paragraph 3002.3. The annuity passes to eligible children only if there is no surviving spouse or the surviving spouse subsequently dies.

5. Retired Members who Have Been Recalled to Active Duty (after a Break in Service) and who Die on Active Duty. The spouse of such member shall receive an annuity in an amount equal to that cited in paragraph 3002.3. If the member is not survived by a spouse but had, upon retirement, elected "spouse and child(ren)" coverage or "child(ren) only" coverage, the annuity shall be paid to the eligible child(ren) as specified in the member's election. If the member did not make an election, the annuity passes to the eligible child(ren) only if there is no surviving spouse or the surviving spouse subsequently dies.

6. Retired Members who Have Been Recalled to Active Duty (after a Break in Service) who Die on Active Duty and are not Survived by a Spouse, but who had Elected an "Insurable Interest" Option. The monthly annuity shall be paid to the designated beneficiary named by the member in the SBP election executed upon retirement.

7. Minimum Income Widow. Any person who is the unremarried widow of a member who was retired before 21 September 1972 and died before 21 September 1973 may receive an annuity if:

a. Receiving a VA widow's nonservice-connected death pension, and

b. Total income from all sources, except the VA pension, is not more than an amount designated by law (this amount is subject to change). An RSFPP annuity is included in the income from all sources.

3001. SBP OPTIONS. Before the member becomes eligible for retired pay, such member has the following SBP options:

1. Elect coverage for spouse, based on full retired pay or a reduced base amount; or
2. Elect coverage for spouse and children, based on full retired pay or a reduced base amount; or
3. Elect coverage for children only, based on full retired pay or a reduced base amount; or
4. Elect coverage for natural person with an insurable interest based on full retired pay (can be selected only if member has no spouse or child); or
5. Elect coverage for a former spouse or for a former spouse and children born of that marriage, based on full retired pay or a reduced base amount.

3002. BENEFITS TO THE SURVIVING SPOUSE

1. To be eligible for an annuity under this Plan, the designated surviving spouse must be married to the member at the time of the election; or married to the deceased member for at least 1 year before death; or be the parent of a child born of a post retirement election marriage to the deceased member.

2. The SBP annuity payable to the eligible surviving spouse upon the death of the retiree covered by the Plan is equal to 55 percent of the base amount until the age of 62, and 35 percent of the base amount thereafter. This benefit is effective the day following the retiree's death and is payable until the surviving spouse dies or becomes ineligible due to remarriage occurring before the age of 55. Continued eligibility of an unremarried spouse shall be revalidated annually. If the remarriage is terminated, payment of the annuity will resume on the first day of the month of termination. If remarriage takes place after age 55, the annuity shall not be terminated. Only one annuity is payable under this Plan; at no time can a beneficiary receive two annuities.

3. Annuities payable to surviving spouses of members who were eligible to retire on 1 October 1985 are computed two ways to see which yields the largest monetary benefit: the two-tier system (55 percent of the base amount chosen by the member until age 62, and 35 percent of the base amount thereafter) or the social security offset. The social security offset may not exceed 40 percent of the SBP annuity. For example, if a surviving spouse is receiving an SBP annuity of \$550 per month and is entitled to \$500 per month from social security, of which \$300 is attributable to the member's military wages, the maximum social security offset would be \$220 per month (40 percent of \$550).

Social Security Payment	SBP Annuity
\$500.00	\$550.00
	-220.00 (maximum Social
	<hr/> \$330.00 Security offset)

NOTE: We emphasize that the social security offset has been eliminated and is only used in the computation of those persons who were eligible to retire before 1 October 1985.

4. When a member dies of a service connected cause, either while on active duty or in retirement, certain members of the family may be eligible for monthly, nontaxable DIC payments from the VA. When a surviving spouse of an SBP participant is also entitled to DIC, the spouse's monthly payment under the SBP will be reduced by the amount of the DIC payment.

a. If the DIC is greater than the SBP annuity, no SBP is paid and the SBP coverage costs paid by the member is refunded to the surviving spouse. For example, if the DIC entitlement is \$500 per month and the monthly SBP annuity is \$300, the spouse would receive no SBP annuity, but would be refunded the costs the member paid for SBP spouse coverage.

b. If the DIC is less than the SBP, the spouse is paid an amount equal to the difference between the full SBP annuity and the DIC. For example, if the DIC is \$500 per month and the monthly SBP annuity is \$700, the spouse would receive \$500 per month DIC and \$200 per month SBP annuity. Further, such spouse would be refunded the difference between the amount the member paid for the \$700 SBP annuity and the amount that would have been paid for a \$200 SBP annuity.

c. When an election is for spouse and child coverage and a refund is made under paragraphs 3002.4a and b above, the refund to the spouse does not include any additional cost the member paid for child coverage. If the spouse remarries before age 55 or dies, the full SBP annuity is paid to the eligible child(ren) in equal shares.

d. A spouse whose DIC is terminated by remarriage after age 60 may have SBP reinstated after repaying the SBP costs refunded at the time DIC was awarded. The SBP annuity is reinstated effective the date the DIC is lost, but the monthly SBP may not commence until the spouse repays the entire refund. The SBP annuity may not be withheld to liquidate the amount due. If the marriage is later terminated and the spouse again becomes eligible for DIC, the SBP annuity will again be reduced by the amount of the DIC, but no refund of SBP costs will be made.

3003. BENEFITS TO THE CHILDREN. The annuity payable to children will be 55 percent of the member's base amount. It will be divided equally among the children and no offset will be made for social security or DIC. If coverage is for spouse and children, the annuity is paid to the children only if there is no eligible spouse to receive the benefit; i.e., if the eligible spouse remarries before the age of 55 or dies before the children become ineligible because of age. The child coverage annuity is payable until the youngest child reaches the age of 18 or 22 if pursuing a full-time education or training course. The child annuity will be made payable to the child's guardian until a child meets the age requirements of the state in which they reside. Once the child attains legal age, the annuity will be split and separate checks drawn for each class of annuitant. The exception to the termination of the annuity because of age is when the child is incapacitated as discussed in paragraph 2000.3b. An incapacitated child's continued eligibility shall be revalidated biannually, unless prognosis indicates that the disability is permanent and recovery is highly improbable. The annuity payable to incapacitated children is 55 percent of the base amount.

#### 3004. BENEFITS FOR AN INSURABLE INTEREST PERSON

1. A member who has neither a spouse nor a dependent child on the date such a member becomes entitled to retired pay may elect to provide survivor protection to a natural person with an insurable interest in the member's life. If a spouse or child is later acquired, the member may irrevocably change the election to provide coverage for the spouse or child. The change in election must be received by the MCFC (CPR) within 1 year of marriage or acquisition of the child. The effective date of such election will be the first day of the first calendar month following the month in which the election is received at the MCFC. The MCFC is required by law to notify the previous natural person designated annuitant that the SBP coverage has been stopped.

2. An insurable interest person must be someone who has a bona fide financial interest in the continued life of the SBP participant, that is, who stands to realize some financial gain during the life of the member. The person may be any close relative as defined in paragraph 2000.7. Further, a member who does not have a spouse at election, but has a dependent child, and thus, is eligible for child-only participation may elect coverage for that child as an insurable interest person. An insurable interest person may also include a close business associate.

3. In the case of a person with an insurable interest, the benefit will be 55 percent of the reduced amount of retired pay after the reduction for the cost of the Plan. The member has no option as to the level of survivor protection; it is always based on gross retired pay reduced by the cost of the

protection. As with children's coverage, there is no offset for social security or DIC. Also, insurable interest elections are not subject to the two-tier system.

4. Physical examinations to ascertain the condition of the retiree's health shall not be required as a condition to the election of an insurable interest annuity. Affidavits shall be required from one or more persons as proof that an insurable interest exists, as defined in paragraph 2000.7, when the beneficiary named as a person with an insurable interest is as far removed as a cousin or is a nonrelative.

a. In those situations where affidavits are required, an insurable interest election shall not be effective until approved by the Secretary of the Navy. Otherwise the effective date of an insurable interest election shall be the date the individual becomes entitled to retired pay.

b. The effective date of the cost of insurable interest coverage, in cases when affidavits must be submitted, shall be the member's effective date of retirement. If the election is subsequently disapproved, amounts collected shall be refunded. Except as provided in paragraph 1002.2, elections are irrevocable after the award of retired pay, and are not voided by recall to active duty.

#### 3005. BENEFITS FOR A FORMER SPOUSE

1. A member who has a former spouse on the date that person becomes eligible to participate in the SBP on or after 8 September 1982 may voluntarily elect, before retirement, to provide an annuity to a former spouse. (Use appendices B and G).

2. If the member has a current spouse or a dependent child, the election of the SBP for the former spouse precludes payment of an annuity to the current spouse or child. Also, if the member who has a current spouse designates a former spouse as an annuity beneficiary, the member's current spouse shall be notified of that action (see appendix F) and an SRB or OQR entry will be made per the current edition of MCO P1070.12.

3. A retired member already participating in the Plan for spouse and child coverage may voluntarily select, upon termination of that marriage, to provide an annuity for a former spouse or a former spouse and child(ren) of the marriage of the member and the former spouse.

a. The former spouse must not have been the member's former spouse when the member became eligible to participate in the Plan.

b. Member must make request to MCFC (CPR) within 1 year of the divorce.

c. The former spouse election would terminate any previous SBP coverage.

4. If the member chooses former spouse coverage and later obtains a new spouse and/or child, and desires to change the election to cover the new spouse and/or child, such member must first obtain an agreement from the former spouse reflecting no objection to the election change, if the previous election was based on a written agreement. (Appendices H and I are used for this purpose.) If the former spouse election was made because of a written agreement voluntarily entered into by the member as part of, or incident to, a divorce proceeding, dissolution or annulment, the member must provide a certified copy of a court order modifying all previous court orders, allowing the election change, and certify that the court order is valid and in effect. Whether or not the former spouse election was made pursuant to a written agreement or court order, the MCFC is required by law to notify the former spouse of the termination of SBP coverage.

5. A former spouse may obtain a "deemed election" by filing an agreement made by the member to elect former spouse coverage with the court of proper jurisdiction under applicable state law and then providing the MCFC (AA) with a statement from the clerk of the court, or other proper official, that such an agreement has been filed.

6. An election for former spouse coverage is made under the same cost and coverage provisions as for spouses addressed in this Manual (see paragraphs 3002 and 4001).

SURVIVOR BENEFIT PLAN

CHAPTER 4

ANNUITIES AND COST FOR COVERAGE

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## CHAPTER 4

## ANNUITIES AND COST FOR COVERAGE

4000. WHAT IS A "BASE AMOUNT"

1. The cost of providing survivor benefit coverage for a beneficiary and the level of the survivor annuity for the beneficiary under the SBP is based on a portion of retired pay called the "base amount". The base amount is designated by the retiree. The maximum is the member's gross retired pay. The minimum base amount which can be designated is \$300 unless the member's retired pay is less than \$300 in which case the gross retired pay must be designated as the base amount.

2. The important thing to remember is that the survivor annuity payable to the spouse or former spouse beneficiary will be 55 percent of the base amount chosen by the member until age 62, and 35 percent of the base amount after age 62. The example below will give an idea of how the base amount relates to the annuity.

Gross monthly retired pay	Base amount chosen	Monthly SBP Annuity until age 62	Monthly SBP Annuity after age 62
\$1000	\$1000 (total retired pay) (maximum)	\$550 (55% x \$1000)	\$350 (35% x \$1000)
\$1000	\$700 (Less than maximum base amount)	\$385 (55% x \$700)	\$245 (35% x \$700)
\$1000	\$300 (Minimum base amount)	\$165 (55% x \$300)	\$105 (35% x \$300)

NOTE: An exception to the above mentioned is coverage for a natural person with an insurable interest in the member. The base amount for an insurable interest person is always the gross retired pay, and the annuity is 55 percent of the gross retired pay after the reduction for the cost of the coverage.

4001. COST TO THE MEMBER

1. The cost under the SBP for spouse only coverage is 2 1/2 percent of the low-cost multiplier (subject to change) and 10 percent of the remaining base amount elected. The low-cost multiplier (currently \$309) is increased annually by the percent of the active duty pay increase. For example, because basic pay increased 3 percent on 1 October 1985, the low-cost multiplier increased from \$300 to \$309 for those members retiring on or after 1 March 1986. Assuming a 3 percent increase each year for the next 2 years, the low-cost multiplier would increase to \$318 and \$327, respectively, for those members becoming SBP participants in 1987 and 1988 (\$309 x .03 = \$9.27, \$309 + \$9 = \$318) (\$318 x .03 = \$9.54, \$318 + \$9 = \$327).

2. An example of the spouse only cost using \$309 as the low-cost multiplier is:

Base Amount

\$1000	
<u>- 309</u>	(first \$309 x 2.5% = \$7.73
691	x 10% = <u>\$69.10</u>
	\$76.83 per month for spouse only)

a. The cost for spouse coverage is suspended when there is no spouse (spouse predeceases the member or the marriage is dissolved by divorce) who could receive the SBP payments. As long as the member notifies the MCFC within 1 year of any new marriage (or sooner if a child is born of the marriage), the member has the option of not covering a newly acquired spouse under the Plan. If the member elects coverage for the newly acquired spouse, the cost will again be deducted from the retired pay on the 13th month of that marriage. The member also has the option of increasing the level of coverage for

the new spouse to maximum if it is done within 1 year (sooner if a child is born of the marriage). In this case, the SBP cost must be recalculated as if the member elected maximum coverage at the time of retirement and the member must pay the difference in cost plus interest from the date of retirement until the date of change in cost. The decision the member makes is irrevocable.

b. If the spouse beneficiary eligibility is lost on the first day of the month, a cost deduction is required for the full month. In other words, the cost reduction is effective the first day of the month following the month the spouse lost eligibility.

3. The cost of child(ren), when the coverage is for spouse and child, is based on the age of the member, the age of the spouse, and the age of the youngest child. The child cost factor is taken from the actuarial tables developed by the Department of Defense (DoD) Actuary Office and is multiplied by the base amount, then added to the spouse coverage. The spouse portion of the cost is the same as described in paragraph 4001.1. For example, the member is 45 years of age, the spouse is 42 and the youngest child is 12. The base amount is \$1000.

Base amount	Monthly Cost for spouse	Annuity	Cost factor for child
\$1000	\$76.83	\$550.00 \$350.00 (When spouse reaches 62)	0.0004

calculations:  $0.0004 \times \$1000 = \$ .40$   
 $76.83$   
 $\$ 77.23$  Total cost for spouse  
and child coverage

a. The reduction in retired pay for the cost of child coverage is automatically stopped effective the first day of the following month in which the last child becomes age 22, unless the retiree notifies the MCFC, in writing, that the child at least 18 years of age has become ineligible before the age of 22 or retains eligibility past the age of 22 because of disability. If the last child becomes ineligible on the first day of a month, the cost deduction ceases effective the first day of the following month.

b. When cost for spouse coverage is terminated because of the loss of the spouse, costs for child coverage will be recomputed using the ages of the member and the youngest child as of the day after the date of the loss of the spouse. When the member remarries, the child coverage cost will again be recomputed using the ages of the member, the spouse, and the youngest child nearest the date the spouse qualified as an eligible beneficiary.

4. Coverage for children only is based on the age of the member and the age of the youngest child. The child cost factor is taken from the tables developed by the DoD Actuary Office and is multiplied by the base amount. For example, if the base amount is \$1000, the member's age is 45 and the youngest child is 12 years of age:

Cost factor for child  
 $0.0036 \times \$1000 = \$3.60$  Total cost for  
child only coverage

a. It is not possible for actuarial charts showing the child cost factors to be included in this Manual.

b. If the retiree should later marry, and under paragraph 4001.2a elects to cover the spouse, the costs shall then be recalculated under paragraph 4001.3b. The recalculated cost shall become effective the first day of the month following the month in which the spouse becomes an eligible beneficiary, unless the spouse becomes eligible on the first day of the month, the recalculated cost is effective that month.

c. The cost of providing coverage for a child(ren) is not recalculated when a child different from the child initially established as the youngest child becomes the youngest child; for example, the initially youngest child dies or a younger child is later acquired. This rule is also applicable to paragraphs 4001.3 and 4001.4.



5. The cost of providing insurable interest protection is 10 percent of the gross retired pay plus 5 percent of the gross retired pay for each full 5 years the named beneficiary is younger than the retiree. The total cost may not exceed 40 percent of the gross retired pay. In the following example, the member is 45 years of age, the insurable interest person is 25, and the base amount (gross retired pay) is \$1000.

Monthly cost		Annuity	
\$1000 x 10% =	\$100	\$1000	Gross retired pay
\$1000 x (5% x 4) =	200	-300	Cost
	\$300	\$ 700 x 55% =	\$385

NOTE: Gross retired pay is reduced by the cost of the SBP coverage before it becomes subject to Federal Income Tax. The cost is also exempt from state income tax in most states.

6. Consumer Price Index adjustments to retired pay shall be applied against the member's gross retired pay (before the offset for the cost of coverage) and shall likewise be applied against the base amount and the cost of coverage at the same percentage. This keeps the cost to benefit ratio at the same level throughout the life of the member's participation in the Plan.

#### 4002. PAYMENT OF COSTS

1. The cost for SBP participation is deducted directly from the member's retired pay.

2. For any period a member is awarded retired pay but is not receiving retired pay, the cost of an annuity must be paid by the member directly to the MCFC (CPR). The only exceptions to this are:

a. When the member has been ordered to active duty for a period exceeding 30 days; or

b. When the member waives retired pay for civil service retirement, the deposits shall not be required so long as the waiver is in effect, unless the Office of Personnel Management has notified the MCFC that the member does not desire a spouse to receive an annuity under a survivor annuity program administered by that agency. In the event of such notification, the member must continue to pay the cost of coverage under the SBP; or

c. When a member waives full retired pay for VA compensation, cost of the SBP coverage may be deducted from the payment made by the VA under the retiree's authorization. The member must request that an automatic deduction be paid directly to the MCFC.

3. The reduction in retired pay for the cost of an annuity shall not be treated as a collection for accounting purposes.

4. An adjustment may be made in the reduction of retired pay upon the finding of an administrative error or a mistake of fact.

5. Insufficient withholding of SBP cost may be considered an overpayment of retired pay which can be considered for waiver under certain circumstances. Each request for waiver shall be forwarded to the MCFC (CPR) for consideration.

6. Except as provided in paragraph 3002.4, refunds of any amounts deducted from retired pay are not authorized unless such amounts were deducted through administrative error.

7. When a member is required to make direct payment to the MCFC for participation in the Plan, an interest charge will be levied against all late payments for each 30-day period or portion of it. If these interest charges have not been paid by the member, a deduction from the benefits payable to the annuitants will be made prior to its payment.

4003. WITHDRAWAL FROM SBP BY DISABLED MEMBERS

1. Any member who has a service-connected disability rated by the VA as 100 percent and has held such rating for a continuous period of 10 or more years, or at least 5 years from the date of last discharge or release from active duty, may request to discontinue participation in the Plan by writing to the MCFC (CPR). The member's written request must be accompanied by a notarized statement of the beneficiaries' consent. The member may resume participation if the disability rating is reduced and the application is made within 1 year of the date of the rating reduction by the VA. All subsequent elections by this member are limited to those held under the initial election.

2. There is no refund of cost for participation in the Plan to the member who discontinues coverage; but, upon the death of such member a refund of the amounts deducted from retired pay shall be made only to the surviving spouse.

SURVIVOR BENEFIT PLAN

CHAPTER 5

FORMS AND CHECKLIST

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FORMS AND CHECKLIST

5000. FORMS. Appendices A through L are samples of counseling briefs, forms used for election requirements, annuity requests, and letter examples of notification to a spouse.

1. Appendix A is an SBP briefing guide which can be used for both group and individual counseling sessions.
2. Appendix B is the standard election form to be used for spouse, former spouse, spouse and child(ren), child(ren) only, and natural person with insurable interest elections. It must be stressed that this election be documented in the member's SRB or QOR per the current edition of MCO P1070.12. In addition, the spouse must sign the concurrence statement if the member elects anything other than maximum coverage. Company level units are required to change and use existing DD Forms 1883 as shown until this form is completely revised.
3. Appendix C is a sample letter used to notify a spouse not collocated with the member. The letter sets forth the SBP election options available and must be forwarded by certified mail.
4. Appendix D is an SBP Fact Sheet to be used when personal counseling cannot be given.
5. Appendix E is a sample of the statement that must be made on the reverse of the DD Form 1883 if a spouse's whereabouts is unknown.
6. Appendix F is a sample letter required to notify a spouse of the member's election of coverage for a former spouse instead of current spouse.
7. Appendix G, in conjunction with appendix B, must be submitted for former spouse elections. This form may be locally reproduced.
8. Appendix H is the election form to be used as a result of a change from former spouse coverage to spouse and/or child coverage. Company level units are required to change and use existing DD Forms 1882 until this form is completely revised.
9. Appendix I must be used in conjunction with appendix H when changing an election from former spouse coverage. This form may be locally reproduced.
10. Appendix J is the election form to be used to change elections as the result of a change in marital or dependent status. For example, a member who did not have a spouse at the time of initial election chose child coverage only. If such member later acquires a spouse, coverage for the spouse would be selected on this form. The form should be requested from the MCFC (CPR).
11. Appendix K is the form used for unremarried minimum income widows of members who retired before 21 September 1972, died before 21 September 1973, and who were entitled to retired pay on the date of death. This form can be obtained from the MCFC (CPR) or CMC (MMSR-6).
12. Appendix L is used to request an annuity by the beneficiaries. It must be accompanied by other documents, such as a death certificate, etc. This form can be obtained from the MCFC (CPR).

5001. CHECKLIST OF REMINDERS. The following list is not all inclusive but should be used by the commander and the individual as a summary of requirements that are throughout this Manual:

1. Elections are essentially irrevocable.
2. Participation in the Plan cannot be terminated, except under paragraph 4003 of this Manual.

3. A member's spouse must consent if the member elects less than maximum coverage, no coverage, or coverage for child only. If former spouse coverage is elected or deemed, the spouse's concurrence is not required but the spouse must be notified of that election by mail (see appendix F).
4. Regardless of level of participation, a completed DD Form 1883 must be forwarded to the MCFC (CPR) prior to the first day the member becomes entitled to retired pay.
5. Detailed and complete SRB or QQR page 11 entries must document all aspects of the SBP counseling, to include the member's election and consent of spouse or notification of spouse or former spouse election per the current edition of MCO P1070.12.
6. When the member's spouse is notified by letter of the member's election for former spouse coverage, the certified mail returned receipt number must be annotated on the SRB or QQR. The returned receipt, after delivery, will be attached to the SRB or QQR page 11 entry.
7. If a completed DD Form 1883 is not received by the MCFC (CPR) before the first day the member becomes entitled to retired pay such member is automatically enrolled at the maximum level and deductions are made from the member's retired pay. This constitutes an irrevocable election.
8. If spousal consent (when necessary) is not received by the MCFC (CPR) before the first day the member becomes entitled to retired pay, the member's election is void and full coverage will be established.
9. The member must keep the MCFC (CPR) notified of all address changes; changes in beneficiaries as the result of divorce, death, and birth; and eligibility changes of children as the result of age disqualification.
10. The effective date of an election is the day the member becomes entitled to retired pay.
11. Eligibility of incapacitated children must be recertified biannually unless the prognosis indicates recovery is not likely and remote.
12. An unremarried widow or widower must recertify eligibility to SBP payments annually.
13. Death certificates, divorce decrees, etc., must be provided to the MCFC (CPR) to terminate annuity deduction costs or annuity payments.

## SURVIVOR BENEFIT PLAN

### APPENDIX A

#### SBP COUNSELING BRIEF

The following narratives are for use with charts 1 through 17 of this appendix as counseling tools when counseling perspective retirees and their spouses on their Survivor Benefit Plan (SBP) options.

##### CHART #1: SBP

NARRATIVE: I'm going to talk to you today about the Survivor Benefit Plan or SBP as it's usually called. You probably have heard of SBP. Hopefully, you've already given the program some thought. Today, I'm going to give you more things to think about. If you remember only one thing, though, this should be: SBP IS A PROGRAM OF VITAL IMPORTANCE TO YOU AND YOUR FAMILY MEMBERS. It is the only way a part of your retired pay "lives on" after you die.

##### CHART #2: OVERVIEW

NARRATIVE: These are the areas we'll talk about. The purpose of SBP - why do we have this program? How does it work? What are the options? How is SBP affected by other Government benefits? What should you think about as you make your SBP decision? And finally, a short summary of the more important points.

##### CHART #3: PURPOSE

NARRATIVE: SBP was established by Congress to provide a monthly income to the survivors of military retirees. You understand that retired pay stops when a retiree dies. Let me repeat: RETIRED PAY STOPS WHEN YOU DIE.

SBP provides a monthly check to survivors after retired pay stops. SBP benefits, like retired pay, are cost-of-living adjusted.

If all members enrolled in SBP, there would be no more forgotten surviving spouses. Today, unfortunately, that is not the case.

##### CHART #4: HOW IT WORKS

NARRATIVE: How many of you are already covered by SBP? If you have over 20 years of service, you are covered at the maximum level. This means that if you die on active duty your spouse will receive monthly benefits after your death. This is a gratuitous benefit; it doesn't cost you a thing. If you have no surviving spouse or your surviving spouse subsequently dies and you have children under 18 years of age (under 22 if in college full-time), the annuity is paid to the children until the youngest child turns 18 (or 22 if in college full-time).

Before retiring, you must decide whether to continue SBP participation.

If you do nothing, that is, if you don't make a deliberate election to the contrary, maximum SBP coverage for all eligible dependents will automatically be established at retirement.

If you participate in SBP, your retired pay will be reduced to pay for the coverage. The dollars deducted for SBP are not reported as taxable income; this is a real advantage which we'll talk about in more detail later.

Spouse concurrence. If you elect less than maximum SBP coverage, child only coverage or decline to participate, we're required by law to have concurrence from your spouse. This is a sensitive issue. Some people have said, "Why does my spouse have to concur if I don't elect maximum coverage? That's my business." The answer is simple, your SBP decision affects not only you, it affects your spouse. Your spouse has a right to know what benefits are available.

##### CHART #5: HOW IT WORKS

NARRATIVE: How much will your survivors receive if you enroll in SBP? That depends on a figure called a BASE AMOUNT that you will choose. The payment to the designated survivor is

55 percent of the base amount until age of 62, and 35 percent of the base amount thereafter (this became effective on 1 March 86 and we call it the two-tier system). The maximum base amount permitted by law is full retired pay; the minimum is \$300.

It is important you understand that any amount between full retired pay and \$300 may be used as a base amount. For example, if your retired pay is \$1000, you can choose any amount from \$1000 down to \$300, and your designated beneficiary will receive 55 percent of that amount until age 62, and 35 percent of that amount after the age of 62.

#### CHART #6: HOW IT WORKS

NARRATIVE: The SBP decision you make at retirement is basically irrevocable--final. In other words, if you elect coverage for family members who are dependent on you when you retire, the coverage will continue as long as the family members are eligible to receive SBP payments. If these family members become ineligible for SBP, the cost for coverage is suspended. This means you pay for SBP only when you have a beneficiary who will profit from it.

Remember, when you elect SBP, you really are electing for a category of beneficiaries. For example, if you elect spouse coverage, you're covering not only your present spouse, but a future spouse if you remarry. If you have spouse coverage and your spouse dies or you divorce, notify the Marine Corps Finance Center and the cost deduction will be suspended. If you remarry, you have the option as to whether or not you want to cover your newly acquired spouse as long as you exercise this option before the first anniversary of the remarriage or sooner if a child is born of the marriage. It's important that you notify the Marine Corps Finance Center of any beneficiary changes that will affect your SBP coverage.

If you have a spouse when you retire and do not elect coverage for that spouse, you may never bring a later acquired spouse into the plan. Likewise, if you have an eligible child and do not elect coverage for that child, you cannot bring another child into the plan.

If you have no spouse when you retire, you may elect coverage for a newly acquired spouse after retirement as long as you do so before the first anniversary of the marriage or sooner if a child is born of the marriage.

I told you earlier that an SBP decision is basically irrevocable. There are two conditions under which a retiree may discontinue SBP participation. One occurs when a member waives military retired pay in favor of civil service retirement and elects coverage under the civil service survivor annuity program. If the individual later revokes the waiver and military retired pay is reinstated, SBP participation resumes. Please understand that members retired from both the Marine Corps and civil service who do not waive Marine Corps retired pay may participate in both SBP and the civil service survivor annuity program, and their survivors may benefit from both.

The other condition involves retirees rated totally disabled by the VA. Members rated totally disabled by the VA at retirement may withdraw from SBP 5 years after retirement if the disability rating has not changed. Members rated totally disabled after retirement may withdraw from SBP when the rating of total disability has been in effect 10 years. Withdrawal is permitted in these cases because the retiree's death will be presumed to be service-connected regardless of the actual cause of death. The retiree's survivors will be entitled to Dependency and Indemnity Compensation (DIC), a monthly benefit paid by the VA to the survivors of members who die from service-connected causes. If the DIC entitlement is greater than the SBP annuity, a member may choose to withdraw from SBP. This is a complicated issue which I will be happy to discuss with you on an individual basis.

#### CHART #7: OPTIONS

NARRATIVE: There are several SBP election choices. You may select only one of the following options:

Spouse only coverage. This choice provides a monthly SBP check to your spouse for life in the event of your death. If your spouse remarries before age 55, the payments are suspended; however, if that marriage ends, the SBP checks start again.



Another option is for spouse and children. In this case, the spouse is the primary beneficiary, and the children are paid an annuity only if the spouse remarries before age 55 or dies at a time the children still meet eligibility standards. Please understand that with this election there is only one annuity and is payable to the spouse or children.

There's child(ren) only coverage. Children are covered until age 18 or age 22 if full-time students. Disabled children are paid for life if their disability causes them to be incapable of self-support. The disability must have been incurred when the child was under age 18 or between the ages of 18 and 22 and attending school full-time.

The other options are former spouse and insurable interest which we will talk about as we go along.

#### CHART #8: FORMER SPOUSE

NARRATIVE: Retiring members now have the option to give SBP coverage for a former spouse. A member who has both a spouse and a former spouse at retirement may choose to cover the former spouse. This choice prevents payment of an annuity to the present spouse or a child if there is one born of the current marriage. If a member selects former spouse or former spouse and child coverage, the Marine Corps is required by law to notify the member's current spouse, if any, of the selection.

The cost for former spouse coverage and the annuity payable to a former spouse are the same as those for spouse coverage. Child coverage may also be included with the former spouse coverage as long as the child was born of the marriage between the member and the former spouse.

A member who elects former spouse coverage has the option to later change to spouse or child coverage as long as the spouse or child is acquired after retirement. If the former spouse coverage was elected to carry out the terms of a written agreement previously entered into between the member and former spouse, the member must provide evidence of a new agreement that modifies the terms of the original agreement. The Marine Corps Finance Center is required to tell the former spouse of the election change.

#### CHART #9: FORMER SPOUSE

NARRATIVE: Retirees participating in SBP for spouse or spouse and child coverage may change to coverage for a former spouse as long as the person being covered was not the member's former spouse at retirement. If the member and former spouse married after the member's retirement, the marriage must have lasted at least 1 year or the former spouse must be the parent of a child of the marriage.

Any election changes must be made within a year of the member's change in status. For example, a change from former spouse to spouse coverage must be made within 1 year of the member's marriage; from spouse to former spouse coverage within 1 year of the divorce.

#### CHART #10: COSTS

NARRATIVE: Computing SBP costs is simple. This is the formula for spouse or former spouse cost: 2 1/2 percent of the first \$309 (this low-cost multiplier increases by the average percent of active duty pay raises) of the base amount plus 10 percent of the base amount in excess of that figure. If you elect coverage for spouse and children, you will pay the spouse or former spouse cost plus what is usually a very small charge for the children. How much you pay for the child coverage depends on your age and the ages of your spouse or former spouse and your youngest child. Cost factors are taken from DOD actuarial charts.

The cost for child(ren) only coverage is a charge based on your age and that of the youngest child.

Please remember this: both the cost and the survivor annuity increase each time retired pay is increased by cost-of-living adjustments.

#### CHART #11: INSURABLE INTEREST COVERAGE

NARRATIVE: A member who is unmarried at retirement may elect SBP coverage for an insurable interest person. This is someone who has a financial interest in the continuance of the member's life. An insurable interest is presumed in anyone more closely related than a cousin. For example, a father, mother, brother, sister, or even a child (if there is no other dependent child). The member must show proof of financial interest for anyone more distantly related than a cousin.

An insurable interest election may be changed to coverage for a spouse or child acquired after retirement. The election must be filed within 1 year after the member acquires these family members. The Marine Corps Finance Center is required to inform the insurable interest person of the change.

#### CHART #12: INSURABLE INTEREST COST

NARRATIVE: It's important that you understand how premiums are computed for insurable interest coverage. The cost is 10 percent of full retired pay plus an additional 5 percent for each full 5 years the beneficiary is younger than the member. There is a limit on the cost; it cannot exceed 40 percent of full retired pay. The survivor payment is 55 percent of retired pay remaining AFTER the premium deduction.

The two-tier system or integration with DIC does not apply to insurable interest elections.

#### CHART #13: INTEGRATION WITH SOCIAL SECURITY

NARRATIVE: I'm now going to explain how SBP is integrated with other Government benefits, specifically social security and Dependency and Indemnity Compensation or DIC.

First, social security. Let me explain that the social security offset has been replaced by the two-tier system which I mentioned earlier. The reason we have kept it as a part of our counseling is that it will affect some people. Before the social security offset was eliminated, the SBP annuity, payable to the eligible surviving spouse of the retiree covered by the Plan, was equal to 55 percent of the base amount. This amount was reduced by a social security offset which occurred when the widow or widower reached 62 years of age (sooner if the surviving spouse cared for a child under 16 years of age and was receiving a "mother's benefit" from Social Security). The offset only applies to that portion of the social security benefit the surviving spouse receives which is based on the deceased member's military wages. It can never be more than 40 percent of the annuity.

If you were eligible to retire on or before 1 October 1985, the annuity payable to your surviving spouse covered by the Plan will be computed under both the two-tier system and the social security offset system to see which yields the greatest benefit. The social security offset will not apply to those of you who were eligible to retire on or after 1 October 1985.

#### CHART #14: INTEGRATION WITH DEPENDENCY AND INDEMNITY COMPENSATION (DIC)

NARRATIVE: Now for the DIC reduction. I mentioned earlier that DIC is a monthly benefit paid by the VA to the survivors of active and retired members whose deaths are determined by the VA to be service-connected. The SBP entitlement to a surviving spouse/former spouse is reduced dollar-for-dollar by the amount of his or her DIC entitlement. The spouse/former spouse is given a refund of premiums for that portion of the SBP that is replaced by DIC. DIC is not taxable income.

Let me caution you: DO NOT ASSUME your survivors will be covered by DIC. Only a small percentage of all retirees die from service-connected causes. DIC is not a benefit you can count on.

#### CHART #15: DECISION CONSIDERATIONS - SBP VERSUS COMMERCIAL INSURANCE

NARRATIVE: How does SBP stack up against commercial insurance? It's hard to make a comparison because they are different types of programs. There are a number of factors you should think about as you consider how to best provide for your survivor's needs.

First, SBP is subsidized by the Government. Commercial insurance is not. This can mean only one thing; the subsidy to SBP LOWERS the cost of participation. You may be told by commercial insurance agents that they have a program that costs less than SBP. They probably do! But what benefits will be provided to your survivors? Be sure you read the fine print.

Age and health affect neither the cost of SBP nor your eligibility to participate. Let's say you're 45, you're retiring, you've had a heart attack, and you have hypertension. Do you think you can buy commercial insurance under those conditions? If you can, what sort of premiums will you pay? And how long will it take for your survivors to be eligible for full benefits?

The risk factor should be a key element in your decision. You may look around and find an investment program that will provide benefits to both you and your family members, and it may cost you less than monthly SBP premiums. IF YOU LIVE TO AGE 85, that could be the best alternative. Or you may decide to buy a life insurance policy with a face value of \$100,000 and quit worrying because your spouse would have all that money to invest. Do you want to know what that policy will be worth 26 years from now in today's dollars? \$36,600, assuming a constant inflation rate of 4 percent. I could give you other examples. The point I want to make is that there are other alternatives. The fifth Quadrennial Review of Military Compensation found SBP fully competitive with private-sector insurance and survivor benefit plans, and they looked at all kinds of alternatives. Keep in mind, it's your survivor's financial future that's at stake.

I've already mentioned two of the SBP's most attractive features:

One, the money you save in tax dollars when you participate in SBP. Remember, SBP premiums deducted from retired pay are not taxable income. But you pay for commercial insurance with taxable dollars. The SBP survivor annuity is subject to Federal Income Tax, but then the survivor usually is in a lower tax bracket. Even though the proceeds of commercial insurance are not taxable, if invested, the survivor may have to pay taxes on the interest earned.

Two, and the most important consideration, is that SBP provides a lifetime, cost-of-living adjusted benefit.

#### CHART #16: DECISION CONSIDERATIONS

NARRATIVE: This chart is to show you the tax advantages of SBP participation and the value of the cost-of-living adjustments. The tax example shows a \$70 premium deduction for individuals in the 20 and 50 percent tax brackets. For the person in the 20 percent bracket, the SBP cost is really only \$65. per month. For the person in the 50 percent bracket, the SBP cost is really only \$35. Or put another way, if a retiree decides not to participate in SBP, he or she decides to use that \$70 for commercial insurance, the person in the 20 percent bracket will have only \$56 to spend on insurance and \$14 will go to the Government for taxes. The person in the 50 percent bracket will have only \$35 for insurance after taxes.

The other example illustrates the value of the cost-of-living adjustment to the survivor annuity. There are widows today whose monthly SBP checks are greater than the members retired pay checks were on the date of their deaths. An annuity that was worth \$400 a month in 1975 has more than doubled.

#### CHART #17: SUMMARY

NARRATIVE: In summary, the SBP decision is one of the most important decisions you will make at retirement. If you are married, it is a decision that must be shared with your spouse as he or she has to concur with that decision. SBP is the only way you can provide your survivors a portion of your retired pay. Remember, if you do not participate in SBP, the Marine Corps cannot send monthly checks to your survivors. You'll find many insurance people who will say: "Do I have a deal for you?" We're not aware of a commercial alternative to SBP that provides equal protection at the same or a lesser cost. The difference is in the Government subsidy and the tax advantage. When you're thinking about SBP and whether you can afford it, be sure to consider whether your survivors can afford to live without it. In most cases the answer is no! SBP is an excellent example of the Marine Corps taking care of its own.

SURVIVOR BENEFIT PLAN

CHART 1

**SURVIVOR  
BENEFIT PLAN  
(SBP)**

## **SURVIVOR BENEFIT PLAN**

### **CHART 2**

#### **OVERVIEW**

- **PURPOSE**
- **HOW IT WORKS**
- **OPTIONS**
- **INTEGRATION WITH DIC**
- **DECISION CONSIDERATIONS**
- **SUMMARY**

## SURVIVOR BENEFIT PLAN

### CHART 3

#### **PURPOSE**

- MONTHLY INCOME FOR SURVIVORS OF MILITARY RETIREES
  - REPLACES RETIRED PAY WHEN MEMBER DIES
  - COST-OF-LIVING ADJUSTED BENEFIT
- NO MORE FORGOTTEN WIDOWS OR WIDOWERS

**SURVIVOR BENEFIT PLAN**

**CHART 4**

**HOW IT WORKS**

- **FREE COVERAGE FOR RETIREMENT ELIGIBLE**
- **DECISION CONCERNING PARTICIPATION MUST BE MADE PRIOR TO RETIREMENT**
  - **MAXIMUM COVERAGE IF NO OTHER OPTION SELECTED**
  - **RETIREE PARTICIPANTS RECEIVE REDUCED RETIRED PAY**
- **WRITTEN SPOUSAL CONCURRENCE**
  - **WHEN MEMBER ELECTS LESS THAN MAXIMUM COVERAGE**
  - **CHILD ONLY COVERAGE**
  - **NO COVERAGE**

## **HOW IT WORKS**

- PAYMENT TO SURVIVOR AND MONTHLY PREMIUM SET BY BASE AMOUNT CHOSEN BY MEMBER
- TWO-TIER SYSTEM
  - SURVIVOR PAYMENT IS 55% OF BASE AMOUNT UNTIL AGE 62 AND 35% OF BASE AMOUNT AFTER AGE 62
- MAXIMUM BASE AMOUNT IS FULL RETIRED PAY
- MINIMUM BASE AMOUNT IS \$300
  - OTHER AMOUNTS MAY BE CHOSEN



## **HOW IT WORKS**

- DECISION BASICALLY IRREVOCABLE
  - COST AND COVERAGE CONTINUE AS LONG AS BENEFICIARIES ARE ELIGIBLE
  - PREMIUM DEDUCTIONS SUSPENDED ON LOSS OF BENEFICIARY
    - - MEMBER MAY ELECT COVERAGE FOR NEWLY ACQUIRED SPOUSE
    - - MUST DECIDE WITHIN 1 YEAR OF REMARRIAGE
- TWO CONDITIONS FOR TERMINATION OR WITHDRAWAL
  - WAIVER OF USMC RETIRED PAY FOR CIVIL SERVICE RETIREMENT
  - VA DISABILITY OF 100% IN EFFECT
    - - AT RETIREMENT: 5 YEARS
    - - AFTER RETIREMENT: 10 YEARS

## **OPTIONS**

- SPOUSE
  - LIFETIME PROTECTION
- SPOUSE AND CHILDREN
  - SPOUSE IS PRIMARY BENEFICIARY
- CHILDREN
  - AGE 18 OR 22 IF STUDENT
  - LIFETIME PROTECTION FOR CHILDREN DISABLED BEFORE AGE 18 OR 22 IF STUDENT
- OTHER OPTIONS
  - FORMER SPOUSE
  - INSURABLE INTEREST

## **FORMER SPOUSE**

- MAY BE ELECTED AT RETIREMENT
  - HOWEVER, IF MEMBER IS MARRIED OR HAS CHILD, NO SBP MAY BE PAID TO THE CURRENT SPOUSE OR CHILD
- MAY BE ELECTED WITH OR WITHOUT PREVIOUS WRITTEN AGREEMENT BETWEEN MEMBER AND FORMER SPOUSE
- MAY BE CHANGED TO COVERAGE FOR SPOUSE/CHILD ACQUIRED AFTER RETIREMENT
  - IF THERE IS A WRITTEN AGREEMENT BETWEEN MEMBER AND FORMER SPOUSE, MODIFICATION IS REQUIRED
  - FORMER SPOUSE MUST BE NOTIFIED OF CHANGE

## **FORMER SPOUSE**

- RETIREE PARTICIPATING IN SBP FOR SPOUSE OR SPOUSE AND CHILD COVERAGE MAY CHANGE TO FORMER SPOUSE COVERAGE IF
  - FORMER SPOUSE WAS NOT MEMBER'S FORMER SPOUSE AT RETIREMENT
- IF MEMBER AND FORMER SPOUSE MARRIED AFTER MEMBER'S RETIREMENT
  - MARRIAGE MUST HAVE LASTED ONE YEAR; OR
  - FORMER SPOUSE MUST BE PARENT OF CHILD OF THE MARRIAGE
- CHANGES IN FORMER SPOUSE COVERAGE MUST BE MADE WITHIN ONE YEAR OF MEMBER'S STATUS CHANGE
  - I.E., FROM FORMER SPOUSE TO SPOUSE, OR FROM SPOUSE TO FORMER SPOUSE

### **INSURABLE INTEREST COVERAGE**

- INSURABLE INTEREST PRESUMED FOR PEOPLE MORE CLOSELY RELATED THAN COUSIN
  - I.E., FATHER, MOTHER, BROTHER, SISTER, AUNT, UNCLE
- PROOF OF FINANCIAL INTEREST REQUIRED FOR OTHERS
- MAY BE CHANGED TO COVERAGE FOR LATER ACQUIRED SPOUSE/CHILD
  - CHANGE MUST BE MADE WITHIN ONE YEAR OF ACQUIRING THESE FAMILY MEMBERS

SURVIVOR BENEFIT PLAN

CHART 12

**INSURABLE INTEREST COST**

- COST FORMULA: 10% OF FULL RETIRED PAY PLUS 5% FOR EACH FULL 5 YEARS BENEFICIARY IS YOUNGER THAN MEMBER
  - COST MAY NOT EXCEED 40% OF FULL RETIRED PAY
- ANNUITY: 55% OF RETIRED PAY REMAINING AFTER PREMIUM DEDUCTION

EXAMPLE: \$1000 RETIRED PAY  
- 150 PREMIUM\*

\$850  
X .55

\$467 POTENTIAL SURVIVOR  
ANNUITY

\*MEMBER 40, NAMED BENEFICIARY 34

### **INTEGRATION WITH SOCIAL SECURITY**

- SURVIVING SPOUSE'S SBP REDUCED WHEN SPOUSE IS ENTITLED TO SOCIAL SECURITY AT AGE 62

- ONLY APPLIES TO MEMBER'S ELIGIBLE TO RETIRE ON OR BEFORE 1 OCT 85

- THE REDUCTION IN SBP IS OFFSET BY SOCIAL SECURITY BENEFITS

- REDUCTION CAN NEVER EXCEED 40% OF ANNUITY VALUE

- ANNUITY COMPUTED UNDER THIS SYSTEM AND TWO-TIER SYSTEM TO SEE WHICH IS BEST FOR ANNUITANT

**DECISION CONSIDERATIONS**

• TAX ADVANTAGE		ACTUAL
TAX BRACKET	PREMIUM DEDUCTION	COST
20%	\$70	\$56
50%	\$70	\$35
• COST-OF-LIVING ADJUSTMENT		
\$400	BENEFIT IN 1975 INCREASED TO	
\$805	BY 1986	



## **SUMMARY**

- SBP DECISION CRITICAL
  - MEMBER AND SPOUSE MUST SHARE IN DECISION PROCESS
- SBP IS THE ONLY WAY YOU CAN PROVIDE YOUR SURVIVORS A PORTION OF YOUR RETIRED PAY
- WE ARE NOT AWARE OF A COMMERCIAL ALTERNATIVE TO SBP THAT PROVIDES EQUAL PROTECTION AT THE SAME OR LESSER COST
- MAKE THE DECISION THAT IS RIGHT FOR YOU AND YOUR FAMILY

# SURVIVOR BENEFIT PLAN

## APPENDIX B

DD FORM 1883 SBP ELECTION CERTIFICATE/SPOUSE CONCURRENCE STATEMENT

SURVIVOR BENEFIT PLAN ELECTION CERTIFICATE <small>(THIS FORM IS AFFECTED BY THE PRIVACY ACT OF 1974 - See Reverse)</small>		Reserved for Service Use Only		
		a	b	c
		d	e	f
<b>SECTION I - INFORMATION CONCERNING MEMBER RETIRING AFTER 21 SEP 72</b>				
1 Last name, first, M.I.	2 Social Security No.	3 Retirement date	4 Rank or grade	5 Date of birth
<b>SECTION II - MARITAL, DEPENDENCY, AND ELECTION STATUS</b>				
6 Are you married? <input type="checkbox"/> Yes <input type="checkbox"/> No 7 Do you have dependent children? <input type="checkbox"/> Yes <input type="checkbox"/> No 8 Check one of the following to indicate the type of coverage you desire: a. Spouse only <input type="checkbox"/> b. Spouse and children <input type="checkbox"/> c. Children only <input type="checkbox"/> d. Natural person with insurable interest (may be elected only if you have no spouse and or children) <input type="checkbox"/> e. Former spouse <input type="checkbox"/> f. None <input type="checkbox"/>		9a If you checked 8a, b, or c, do you elect to provide an annuity based on the full amount of retired pay or on a reduced portion of retired pay? <input type="checkbox"/> FULL <input type="checkbox"/> REDUCED  9b If you want to provide a reduced annuity, show the amount of retired pay (base amount) upon which you want the annuity computed: \$ _____  9c Is this the only election of coverage you have submitted under the Survivor Benefit Plan? <input type="checkbox"/> Yes <input type="checkbox"/> No		
<b>IMPORTANT:</b> The decision you make with respect to participation in this Survivor Benefit Plan is a permanent irrevocable decision. Please consider your decision and its effect very carefully.				
<b>SECTION III - FAMILY INFORMATION (List additional names on reverse)</b>				
10 Name of spouse (Last, first, M.I.)		11 Spouse Social Security No.		12 Spouse date of birth
13 Place of marriage (City, County, State, Country)				14 Date of marriage
15 I have the following unmarried dependent children under age 21 (or over age 21 and incapable of self-support because of a disability incurred before age 18, after age 18 but before age 22 while attending school):				
15a. Last name, first, M.I.	15b. Social Security No.	15c. Date of birth	15d. Relationship (natural, step, adopted, foster)	
<b>SECTION IV - INSURABLE INTEREST COVERAGE</b>				
16 If you are unmarried and have no dependent children, and you checked item 8d, complete this section with information pertaining to the person you want to receive an annuity who has an insurable interest in you				
17 Last name, first, M.I.		17a Social Security No.	17b Relationship	
17c Mailing address				17d Date of birth
<b>SECTION V - ADDITIONAL INFORMATION</b>				
18 Is this the only election of coverage you have submitted under the new Survivor Benefit Plan? <input type="checkbox"/> Yes <input type="checkbox"/> No				
<b>SECTION VI - SIGNATURES</b>				
Signature of retiree		Signature of witness		Date

# SURVIVOR BENEFIT PLAN

## APPENDIX B

### PRIVACY ACT STATEMENT

**AUTHORITY:** Public Law 92-425, 21 Sep 72; EO 9397.

**PRINCIPAL PURPOSE(S):** Used by retirees who retired subsequent to September 20, 1972, to enroll in the Survivor Benefit Plan at less than maximum limits.

**ROUTINE USES:** Uniformed Services review form for completeness, validate and record level of participation.

**DISCLOSURE IS VOLUNTARY:** However, the information transmitted in this form is necessary to administer the above law. Without it, retirees could not enroll in the Survivor Benefit Plan at less than maximum limits.

### SPOUSE STATEMENT

1. \_\_\_\_\_, SPOUSE OF \_\_\_\_\_  
(NAME OF SPOUSE) (NAME, GRADE AND SSN OF MEMBER)
- DO HEREBY CONSENT TO MY SPOUSE'S SBP ELECTION AS SHOWN (CIRCLE ONE):
- (1) SURVIVOR COVERAGE FOR SPOUSE BASED ON MY SPOUSE'S FULL RETIRED PAY.
  - (2) SURVIVOR COVERAGE FOR SPOUSE AND CHILDREN BASED ON MY SPOUSE'S FULL RETIRED PAY.
  - (3) NO SURVIVOR COVERAGE FOR SPOUSE OR CHILDREN.
  - (4) NO SURVIVOR COVERAGE FOR SPOUSE, BUT COVERAGE FOR CHILDREN.
  - (5) SURVIVOR COVERAGE FOR SPOUSE AND/OR SPOUSE AND CHILDREN, WITH A BASE AMOUNT OF ( ) WHICH IS LESS THAN MY SPOUSE'S FULL RETIRED PAY.

I HAVE RECEIVED INFORMATION THAT EXPLAINS THE OPTIONS AVAILABLE AND THE EFFECTS OF THOSE OPTIONS.

SIGNATURE OF MEMBER'S SPOUSE

SIGNATURE OF WITNESS

DATE

SURVIVOR BENEFIT PLAN

APPENDIX C

LETTER TO SPOUSE WHEN MEMBER AND SPOUSE ARE NOT COLLOCATED

SSIC  
CODE  
DATE

Name  
Address  
City, State, ZIP Code

Dear \_\_\_\_\_:

Your spouse will become entitled to retired pay on (date) and is eligible to participate in the Survivor Benefit Plan (SBP).

The SBP is a program which gives military retirees an opportunity, at reasonable cost which is deducted from retired pay, to provide an inflation-protected monthly annuity to their designated survivors at death. Electing coverage under the SBP is the only way a portion of the member's retired pay can be paid after death. As retired pay increases, the annuity and its associated costs increase at the same ratio.

The decision your spouse makes about the SBP is irrevocable; but, by law, certain options under the plan may not be made unless you agree to that choice in writing. We have described these options in the enclosed SBP Fact Sheet and urge you to read it carefully. If you do not agree with your spouse's choice, the election will be automatically established at maximum coverage.

The SBP election your spouse has chosen is on the enclosed Survivor Benefit Plan Election Certificate, DD Form 1883. Please complete the Spouse Statement on the reverse of the form and return it to this office in the enclosed envelope. We must receive it by (date).

We trust you and your spouse have shared in this very important decision. If you have any questions, please phone (name and number of command SBP counselor).

Sincerely,

J. B. Smith  
Colonel, U.S. Marine Corps  
Commanding Officer

Encl:  
(1) SBP Fact Sheet  
(2) DD Form 1883

## APPENDIX D

## SBP FACT SHEET

This fact sheet is to help you and your spouse make an informed SBP decision. It is not all encompassing and if you have a unique situation, please ask your command representatives for further clarification. It is of the utmost importance that both you and your spouse consider the SBP decision carefully as it is basically irrevocable.

WHAT IS SBP? The SBP was created by Congress to allow all members of the Uniformed Services, who are entitled to retired pay, an opportunity to, at reasonable cost, leave an annuity of up to 55 percent of their monthly gross retired pay to their designated survivors until age 62 and 35 percent of their gross retired pay thereafter. It is the only way a part of retired pay "lives on" after the member's death. Let's repeat that--when a member dies without the SBP, retired pay stops.

OPTIONS: Unless a member elects not to participate in the SBP, or elects less than maximum coverage before the first day the member becomes entitled to retired pay, every person with a spouse or a dependent child shall be AUTOMATICALLY ENROLLED IN THE SBP AT THE MAXIMUM LEVEL.

--Spousal CONCURRENCE, in writing, is required if the member elects no coverage, less than maximum coverage or child only coverage. An election under the Plan must be submitted on a Survivor Benefit Plan Election Certificate, DD Form 1883. To prevent automatic enrollment at the maximum level, the DD Form 1883, completed by the member with written concurrence of the spouse, must be received at the Marine Corps Finance Center (CPR) before the first day the member becomes entitled to retired pay. The member has the following options:

--Elect no coverage (May NOT be elected unless spouse agrees in writing).

--Elect coverage for spouse based on full retired pay or a \*reduced base amount. This covers the spouse for life, but the annuity is suspended if the spouse remarries before age 55. It may be reinstated if remarriage ends in divorce or death.

(\* May NOT be elected unless spouse agrees in writing.)

--Elect coverage for spouse and child(ren), based on full retired pay or a \*reduced base amount. Spouse is primary beneficiary. Annuity is only paid to the child(ren) if there is no spouse (spouse remarries before age 55 or dies) to receive the benefit. (\* May NOT be elected unless spouse agrees in writing.)

--Elect coverage for child(ren) only, based on full retired pay or a reduced base amount. No annuity paid to the spouse. Annuity is paid to child(ren) in equal shares until the youngest child reaches age 18 (or 22 if a full-time student). If disabled before age 18 (or 22 if a full-time student), child is eligible to receive annuity for life. (May NOT be elected unless spouse agrees in writing.)

--Elect coverage for a former spouse, based on full retired pay or a reduced base amount. No annuity will be paid to a current spouse or any other former spouse, or to the child(ren) born of those marriages.

--Elect coverage for a former spouse and eligible child(ren) as long as children are born of the marriage between the member and the former spouse.

--Elect coverage for a natural person with an insurable interest based on full retired pay. Must be someone with a bona fide financial interest in the continued life of the member; e.g., parents, brother, sister. (May NOT be elected if the member has a spouse or dependent children.)

MEMBERS WHO HAVE A SPOUSE OR CHILD AT RETIREMENT AND DO NOT ELECT COVERAGE MAY NOT DO SO AT A LATER DATE. MEMBERS WHO HAVE NO ELIGIBLE DEPENDENTS WHEN THEY RETIRE MAY COVER A SPOUSE AND/OR CHILD(REN) ACQUIRED AFTER RETIREMENT SO LONG AS THEY DO SO WITHIN 1 YEAR OF THE ACQUISITION OF THE SPOUSE OR EARLIER IF A CHILD IS BORN OF THAT MARRIAGE.

WHAT IS "BASE AMOUNT"? The cost of providing SBP coverage for a spouse or former spouse and the level of the survivor annuity is based on part of the retired pay called the "base amount". The base amount is:

--Designated by the member

--Maximum is gross retired pay

--Minimum is \$300 (unless retired pay is less than \$300, then it is gross retired pay).

The important thing to remember is that the survivor annuity, payable to the eligible surviving spouse or former spouse when the retiree covered by the Plan dies is equal to 55 percent of the base amount until the age of 62, and 35 percent of the base amount after age 62.

#### COST AND ANNUITIES

--Spouse or former spouse -2.5 percent of first \$309\* of base amount plus 10 percent of base amount over \$309 (\*low-cost multiplier which increases by percentage of active duty pay raises). For example:

Base Amount	\$1000		
	-309	(current low-cost multiplier) x 2.5% =	\$7.73
	<hr/>		
	\$691	x 10%	69.10
		per month	<hr/>
			\$76.83

Annuity \$1000 x .55% = \$550 per month until age 62  
1000 x .35% = \$350 per month after 62

COST FOR SPOUSE COVERAGE IS SUSPENDED WHEN THERE IS NO SPOUSE (SPOUSE PREDECEASES THE MEMBER OR THEY ARE DIVORCED) WHO COULD RECEIVE THE SBP PAYMENTS AT DEATH. THE PREVIOUSLY PARTICIPATING MEMBER HAS THE OPTION OF COVERING ANY LATER ACQUIRED SPOUSE IF NOTIFICATION IS MADE TO THE MARINE CORPS FINANCE CENTER (CPR) WITHIN 1 YEAR OF THE REMARRIAGE.

--Spouse and former spouse and child(ren) - Spouse cost plus small amount for children based on Department of Defense actuarial tables.

--Child(ren) only - Cost based on age of member and age of youngest child taken from Department of Defense Actuarial tables. For example, base amount is \$1000, member is 45 and youngest child is 12:

Cost Factor 0.0036 x \$1000 = \$3.60  
Annuity \$1000 x .55 = \$550 per month

COST FOR CHILD(REN) COVERAGE WILL TERMINATE WHEN THE LAST CHILD REACHES 18 YEARS OF AGE (22 IF A FULL-TIME STUDENT).

--Insurable Interest -10 percent of full retired pay plus additional 5 percent for each full 5 years beneficiary is younger than the member (cannot exceed 40 percent of retired pay). Annuity is 55 percent of retired pay remaining after cost. For example, base amount is \$1000, member is 45, and insurable interest person is 25.

<u>Monthly Cost</u>	<u>Annuity</u>
\$1000 x 10% = \$100	\$1000 Gross Retired Pay
\$1000 x 20% = \$200	-300 Cost
<hr/>	
\$300	\$ 700 x 55% = \$385 per month

#### EXPLANATION OF SOCIAL SECURITY OFFSET/TWO-TIERED BENEFIT SYSTEM

--At age 62, the SBP beneficiaries gain entitlement to social security benefits. The SBP and social security survivor payments are integrated because the SBP and social security are both Federal programs and the Government pays part of the cost of both. The offset occurs at age 62, is only made against military wages and is limited to a maximum reduction of 40 percent of the SBP annuity.

--For members who retire on or after 1 March 1986, the social security offset has been eliminated and replaced with a new, two-tiered benefit system. With the two-tiered system, the beneficiary will receive 55 percent of the base amount selected by the member until age 62, and 35 percent after reaching 62. Current beneficiaries and future survivors of anyone who was retirement eligible on 1 October 1985 are "grandfathered". If the military member was eligible to retire on 1 October 1985, the annuity payable to the beneficiary spouse covered by the Plan will be computed under both the two-tiered benefit system and the social security offset system to see which yields the greatest benefit.

MAJOR CONSIDERATIONS - Look upon SBP as an integral part of your family's total estate and, in so doing, carefully consider the following:

--SBP is Government subsidized. There are no insurance overhead costs or commissions which come into play.

The cost for SBP is tax deductible.

--Your age or the state of your health has no bearing on eligibility to participate.

--SBP annuities and costs are increased by cost-of-living adjustments. This causes the cost-to-benefit ratio to remain the same. It also provides significant protection against inflation.

--SBP annuities provide lifetime benefits to eligible beneficiaries.

THE SBP IS VERY IMPORTANT TO YOUR FAMILY -- MAKE YOUR DECISION WISELY

SURVIVOR BENEFIT PLAN

APPENDIX E

DD FORM 1883 SBP ELECTION CERTIFICATE/SPOUSE WHEREABOUTS UNKNOWN

PRIVACY ACT STATEMENT

**AUTHORITY:** Public Law 92-425, 21 Sep 72; EO 9397.  
**PRINCIPAL PURPOSE(S):** Used by retirees who retired subsequent to September 20, 1972, to enroll in the Survivor Benefit Plan at less than maximum limits.  
**ROUTINE USES:** Uniformed Services review form for completeness, validate and record level of participation.  
**DISCLOSURE IS VOLUNTARY:** However, the information transmitted in this form is necessary to administer the above law. Without it, retirees could not enroll in the Survivor Benefit Plan at less than maximum limits.

SPOUSE WHEREABOUTS UNKNOWN STATEMENT

THE WHEREABOUTS OF MY SPOUSE, \_\_\_\_\_, IS  
(NAME OF SPOUSE)  
UNKNOWN TO ME AND HAS BEEN UNKNOWN TO ME FOR AT LEAST 90 DAYS.  
I UNDERSTAND THAT IF THIS STATEMENT IS LATER FOUND TO BE UNTRUE  
THAT SPOUSE COVERAGE WILL BE ESTABLISHED ON THE FULL AMOUNT OF  
MY RETIRED PAY WITH COSTS AND INTEREST COLLECTED RETROACTIVE TO  
MY DATE OF RETIREMENT UNLESS MY SPOUSE CONSENTS OTHERWISE. I  
UNDERSTAND THAT ANY FALSE STATEMENT OR MISREPRESENTATION THERETO  
IS A VIOLATION OF THE LAW PUNISHABLE BY A FINE OF NOT MORE THAN  
\$10,000 OR IMPRISONMENT OF NOT MORE THAN 5 YEARS OR BOTH (U.S.C.  
1001).

\_\_\_\_\_  
COMMANDING OFFICER'S SIGNATURE

\_\_\_\_\_  
SIGNATURE OF SERVICE MEMBER

\_\_\_\_\_  
DATE



SURVIVOR BENEFIT PLAN

APPENDIX F

LETTER TO SPOUSE OF MEMBER'S DECISION TO ELECT COVERAGE FOR A  
FORMER SPOUSE INSTEAD OF CURRENT SPOUSE

SSIC  
CODE  
DATE

Name  
Address  
City, State, ZIP Code

Dear \_\_\_\_\_:

Your spouse will become entitled to retired pay on (date)  
and is eligible to participate in the Survivor Benefit Plan  
(SBP).

The SBP is a program which gives military retirees an  
opportunity, at reasonable cost which is deducted from retired  
pay, to provide an inflation-protected monthly annuity to their  
designated survivors at death. Electing coverage under the SBP  
is the only way a portion of the member's retired pay can be paid  
after death. As retired pay increases, the annuity and its  
associated costs increase at the same ratio.

We have enclosed an SBP Fact Sheet which describes the plan  
and options available to the member. You will note that some  
options require spousal concurrence. The exception to the  
spousal concurrence requirement is coverage for a former spouse  
instead of a spouse. By law, we need only to notify a spouse  
when the member makes a former spouse election.

To comply with the law, this letter is to advise you that  
(member's name and grade) has elected former spouse SBP  
coverage. Because a member may make only one SBP election,  
this means you will receive no monthly annuity from the  
Department of Defense when your spouse dies.

Sincerely,

J. B. SMITH  
Colonel, U.S. Marine Corps  
Commanding Officer

Encl:  
(1) SBP Fact Sheet

SURVIVOR BENEFIT PLAN

APPENDIX G

SBP FORMER SPOUSE ELECTION STATEMENT

Any member may voluntarily elect Survivor Benefit Plan (SBP) coverage for a former spouse. The member must complete the following statement at time of election and both the member and former spouse must sign below.

1. Is member currently married? Yes\_\_\_\_ No\_\_\_\_
2. Does member currently have dependent child(ren)? Yes\_\_\_\_ No\_\_\_\_
3. Is member's election for former spouse voluntary? Yes\_\_\_\_ No\_\_\_\_
4. Is election made pursuant to a voluntary written agreement between the member and former spouse? Yes\_\_\_\_ No\_\_\_\_
5. If there is a voluntary written agreement previously entered into by member as a part of or incident to a proceeding of divorce, dissolution, annulment or legal separation, has such written agreement been incorporated in or ratified by court order? Yes\_\_\_\_ No\_\_\_\_

\_\_\_\_\_  
Member's Signature & Soc  
Sec Number

\_\_\_\_\_  
Former Spouse's Signature  
& Soc Sec Number

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

\_\_\_\_\_  
Witness' Signature

\_\_\_\_\_  
Witness' Signature

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

IMPORTANT: It is the former spouse's responsibility to notify the Marine Corps Finance Center (CPR), Kansas City, Missouri 64197-0001, of any change of address occurring after the date of this statement. Any change of address should include the name and social security number of the member and the former spouse and be identified as an address change of a potential SBP former spouse annuitant.

PRIVACY ACT STATEMENT

AUTHORITY: Chapter 73, Title 10 U.S. Code

PRINCIPLE PURPOSE: Used by retirees on or after 8 September 1982 in conjunction with an election for former spouse coverage under the SBP.

ROUTINE USES: Uniformed Services review statement for completeness, validate and record election.

DISCLOSURE: Voluntary; however, the information transmitted by this statement is necessary to administer the applicable laws. Without this information, the election will be delayed.

SURVIVOR BENEFIT PLAN

APPENDIX I

SBP FORMER SPOUSE ELECTION CHANGE STATEMENT

SUPERVISOR BENEFIT PLAN  
FORMER SPOUSE ELECTION CHANGE

Former spouse coverage under the Survivor Benefit Plan (SBP) may be changed to coverage for a spouse and or child acquired after retirement if the member had no spouse and/or child(ren) on date of retirement. The change must be received by the Marine Corps Finance Center (CPR), Kansas City, Missouri 64197-0001, within 1 year of acquiring the spouse and/or child(ren). The Marine Corps Finance Center shall notify the former spouse of this election change by certified mail, return receipt requested. The election change may not be revoked and is effective the first day of the month following the month received by the Marine Corps Finance Center. Former spouse coverage may not be changed to spouse and/or child coverage if member had a spouse and/or dependent child(ren) on date of retirement.

INSTRUCTIONS

Any member who voluntarily elected former spouse coverage and elects to change to spouse and/or child(ren) coverage must complete Part I, II, or III below, whichever applies to the conditions under which former spouse coverage was elected.

a. Part I - Voluntary election made without a written agreement with the former spouse.

b. Part II - Voluntary election made pursuant to a written agreement with the former spouse which was incorporated in or ratified or approved by court order.

c. Part III - Voluntary election made pursuant to a written agreement with the former spouse which was not incorporated in or ratified or approved by court order. Part III must be completed and signed by both the member and former spouse.

Forward this form with the election change (letter or form) and Court Order, if applicable, to the Marine Corps Finance Center (CPR), Kansas City, Missouri 64197-0001.

PART I VOLUNTARY FORMER SPOUSE COVERAGE WITHOUT A WRITTEN AGREEMENT

A member who voluntarily elected former spouse coverage, but did not enter into a written agreement with the former spouse, may change to coverage for a spouse and/or child without the consent of the former spouse. Complete the following statement.

I, \_\_\_\_\_, voluntarily elected SBP  
Member's Name & Soc Sec No. \_\_\_\_\_  
coverage for my former spouse, \_\_\_\_\_,  
Former Spouse's Name & Soc Sec No. \_\_\_\_\_  
but did not enter into a written agreement with my former spouse.  
My former spouse's address is \_\_\_\_\_.

Member's Signature _____	Witness' Signature _____	Date _____
Address _____	Address _____	

PART II VOLUNTARY WRITTEN AGREEMENT WITH COURT ORDER

A member who entered into a voluntary written agreement to provide SBP coverage for a former spouse incident to a proceeding of divorce, dissolution, annulment or legal separation and such agreement was incorporated in or ratified or approved by court order must:

1) Furnish to the MCFC a certified copy of a court order that is regular on its face and modifies all previous court orders relating to the agreement so as to permit you to change your SBP election.

2) Complete the following statement:

I, \_\_\_\_\_, certify that the  
Member's Name & Social Security Number  
court order attached, which modifies the provisions of all  
previous court orders relating to my agreement to elect SBP  
coverage for a former spouse, so as to permit me to change  
the election, is valid and in effect.

\_\_\_\_\_  
Name, Social Security Number and Address of Former Spouse

\_\_\_\_\_  
Member's Signature                      Date                      Witness' Signature                      Date

\_\_\_\_\_  
Address    Address

\_\_\_\_\_  
PART III VOLUNTARY COVERAGE WITH A WRITTEN AGREEMENT

A member who entered into a voluntary written agreement to  
provide SBP coverage for a former spouse incident to a  
proceeding of divorce, dissolution, annulment or legal  
separation and such agreement was not incorporated in or  
ratified or approved by a court order may change election after  
the former spouse has completed the following statement:

I, \_\_\_\_\_, have agreed to  
Former Spouse's Name, Soc Sec No.  
the request of \_\_\_\_\_ to change the SBP coverage  
Member's Name  
elected on my behalf as a former spouse to coverage for member's  
spouse and/or child(ren). I understand that this change is  
irrevocable and upon the member's death I will not receive an SBP  
annuity.

\_\_\_\_\_  
Former Spouse's Signature      Date                      Witness' Signature                      Date

\_\_\_\_\_  
Address    Address

I, \_\_\_\_\_, certify that the  
Member's Name and Social Security Number  
above statement is current and in effect as of the date shown  
below.

\_\_\_\_\_  
Member's Signature                      Date

\_\_\_\_\_  
Witness' Signature                      Date

\_\_\_\_\_  
Witness' Address

PRIVACY ACT STATEMENT

AUTHORITY: Chapter 73, Title 10 U.S. Code

PRINCIPLE PURPOSES: Used by retirees in conjunction with  
election to change from former spouse to coverage for a spouse  
and/or child(ren).

ROUTINE USES: Uniformed Services review statement for  
completeness, validate and record election.

DISCLOSURE: Voluntary; however, the information transmitted by  
this statement is necessary to administer the applicable laws.  
Without this information, the election will be delayed.

## INSTRUCTIONS FOR COMPLETION OF DD FORM 1885

### SURVIVOR BENEFIT PLAN - MINIMUM INCOME CLAIM

To secure all possible benefits and to avoid delay in processing the claim:

- (1) Complete the application in full;
- (2) If the answer is "No" or "None," so state;
- (3) Typewrite or print information in ink;
- (4) Sign the application in ink or ball point pen;
- (5) Attach a copy of marriage certificate.

#### TRUTHFULNESS

All statements in the application must be true to the best of your knowledge, information and belief. No evidence necessary to a settlement of this claim should be suppressed or withheld. Any change in your status (financial or otherwise) should be immediately reported pursuant to instructions. Any false statement in this application or misrepresentation relative thereto is a violation of the law punishable by fine of not more than \$10,000 or imprisonment of not more than 10 years or both.

(52 Stat. 197, U.S.C 18:80)

#### EVIDENCE REQUIRED

Please attach a copy of your marriage certificate to this claim. This document **MUST** be on file before an annuity can be paid. If it becomes necessary to submit evidence in addition to your marriage certificate, you will be advised.

#### SOCIAL SECURITY NUMBER

If you do not have a Social Security Number, contact the local Social Security or Internal Revenue Service Office to apply for an identifying number. If you do not know your spouse's Social Security Number, or if your spouse did not have one, please submit his/her Service Number.

#### SIGNATURE OF APPLICANT

When a signature is accomplished by the mark "X" or another person signs for the annuitant, due to physical inability to write on the part of the annuitant, such signatures must be witnessed by two disinterested parties.

#### IF YOU NEED HELP IN COMPLETING THIS FORM

Contact the nearest military installation, your local Red Cross Chapter, any Veterans organization, or write to the agency who sent this form to you.

## SURVIVOR BENEFIT PLAN

## APPENDIX K

SURVIVOR BENEFIT PLAN - MINIMUM INCOME CLAIM		Form Approved Class No. 0704-0059 Exp. Date: Mar 31, 1988	
<b>PRIVACY ACT STATEMENT</b>			
<b>AUTHORITY:</b>	Public Law 92-425, September 21, 1972 and Executive Order 9397, November 22, 1943 (SSN)		
<b>PRINCIPAL PURPOSE:</b>	Used by eligible claimants (widowed spouses of persons who retired before September 21, 1972, and who died before March 27, 1974) to apply for an annuity to maintain a minimum income level.		
<b>ROUTINE USE:</b>	Uniformed Services review form for completeness, validate the information provided, and establish an annuity account to supplement claimant's income.		
<b>DISCLOSURE:</b>	Voluntary; however, the information transmitted by this form is necessary to administer the applicable laws. Without this information, the claimant's eligibility can not be validated and therefore a supplemental annuity can not be paid.		
<b>PLEASE READ INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETING THIS FORM</b>			
<b>SECTION A - DECEASED MEMBER INFORMATION</b>			
1. NAME (Last, First, Middle Initial)	2. SOCIAL SECURITY NUMBER (SSN)	3. DATE OF RETIREMENT	4. DATE OF DEATH
<b>SECTION B - SURVIVING SPOUSE INFORMATION</b>			
1. NAME (Last, First, Middle Initial)	2. MAILING ADDRESS (Street, (P. O. Box), City, State, Zip Code, County, Country)		
3. SSN	4. DATE OF BIRTH		
5. ARE YOU A UNITED STATES CITIZEN? (X one)	YES NO	6. WERE YOU LEGALLY MARRIED TO THE DECEASED AT THE TIME OF DEATH? (X one)	YES NO
7. REMARRIAGE			
8. HAVE YOU REMARRIED SINCE DATE OF DEATH OF DECEASED MEMBER? (X one) (If yes, complete 8 a, b, c, and d for termination of first remarriage. If more than one remarriage, attach separate sheet of paper with all information requested for each remarriage.)	YES NO		
9. REASON FOR TERMINATION (X one and attach copy of applicable court documents.)	DEATH ANNULMENT DIVORCE	c. PLACE OF TERMINATION (City, State, County, Country)	
10. CURRENT BENEFITS			
11. ARE YOU RECEIVING ANY BENEFITS FROM THE VETERANS ADMINISTRATION (VA)? (X one) (If yes, complete 8 a, b, c, d and e)	YES NO	b. MAILING ADDRESS OF VA OFFICE HANDLING YOUR ACCOUNT (Street, (P. O. Box), City, State, Zip Code)	
12. TYPE OF BENEFIT			
13. MONTHLY AMOUNT	e. VA CLAIM NUMBER		
5			
<b>SECTION C - GUARDIAN INFORMATION</b>			
1. WAS A GUARDIAN BEEN APPOINTED BY THE COURT FOR THE ABOVE-NAMED SURVIVOR? (X one) (If yes, complete C3 and 4) (If no, complete C2)	YES NO	2. IF A GUARDIAN HAS NOT BEEN APPOINTED, WILL ONE BE APPOINTED? (X one)	YES NO
3. NAME OF GUARDIAN (Last, First, Middle Initial)	4. CORRESPONDENCE MAILING ADDRESS OF GUARDIAN (Street, (P. O. Box), City, State, Zip Code, Country)		
<b>SECTION D - CERTIFICATION</b>			
1. APPLICANT			
2. SIGNATURE	b. CHECK MAILING ADDRESS (Street, (P. O. Box), City, State, Zip Code, Country)		
3. DATE SIGNED			
2. WITNESS			
3. SIGNATURE	b. MAILING ADDRESS (Street, (P. O. Box), City, State, Zip Code, Country)		
4. DATE SIGNED			
3. WITNESS			
3. SIGNATURE	b. MAILING ADDRESS (Street, (P. O. Box), City, State, Zip Code, Country)		
4. DATE SIGNED			

DD Form 1385, JUN 85

Previous editions are obsolete.

Reverse of DD Form 1885

# SURVIVOR BENEFIT PLAN

## APPENDIX L

### DD FORM 1884 APPLICATION FOR ANNUITY UNDER RSFPF AND/OR SBP

<b>APPLICATION FOR ANNUITY UNDER THE RETIRED SERVICEMAN'S FAMILY PROTECTION PLAN (RSFPF) AND/OR SURVIVOR BENEFIT PLAN (SBP)</b>		Form Approved OMB No. 0704-0058 Exp. Date: Jun 20, 1988
<b>PRIVACY ACT STATEMENT</b>		
<b>AUTHORITY:</b> <b>PRINCIPAL PURPOSE:</b> <b>ROUTINE USE:</b> <b>DISCLOSURE:</b>	Chapter 73, Title 10, U.S. Code. Used by eligible beneficiaries (Widowed spouses, dependent children, surviving former spouses and natural interest persons) to apply for an annuity. Uniformed Services review form for completeness, validate the information provided, and establish an annuity account. Voluntary; however, the information transmitted by this form is necessary to administer the applicable laws. Without this information, the claimant's eligibility cannot be validated and therefore the claimant would not receive annuity.	
<b>INSTRUCTIONS</b>		
To secure all possible benefits and to avoid delay in processing the claim: (1) Complete the application in full; (2) If the answer is "No" or "None," so state; (3) Typewrite or print information in ink; (4) Sign the application in ink or ball point pen.	<b>SOCIAL SECURITY NUMBER</b> If you do not have a Social Security Number, contact the local Social Security or Internal Revenue Service Office to apply for an identifying number. If you do not know your spouse's Social Security number, or if your spouse did not have one, please submit his/her Service Number.	
<b>TRUTHFULNESS</b> All statements in the application must be true to the best of your knowledge, information and belief. No evidence necessary to a settlement of this claim should be suppressed or withheld. Any change in your status (financial or otherwise) should be immediately reported pursuant to instructions. Any false statement in this application or misrepresentation relative thereto violation of the law punishable by fine of not more than \$10,000 or imprisonment of not more than 10 years or both. (52 Stat. 197, U.S.C. 18:80)	<b>SIGNATURE OF APPLICANT</b> When a signature is accomplished by the mark "X" or another person signs for the annuitant, due to physical inability to write on the part of the annuitant, such signatures must be witnessed by two disinterested parties.  <b>IF YOU NEED HELP IN COMPLETING THIS FORM</b> Contact the nearest military installation, your local Red Cross Chapter, any Veterans organization, or write to the agency who sent this form to you.	
<b>SECTION A - DECEASED MEMBER INFORMATION</b>		
1. NAME (Last, First, Middle Initial)	2. SOCIAL SECURITY NUMBER (SSN)	3. DATE OF DEATH
<b>SECTION B - SURVIVING SPOUSE INFORMATION</b>		
1. NAME (Last, First, Middle Initial)	2. SSN	3. CORRESPONDENCE MAILING ADDRESS (Street, P.O. Box, City, State, Zip Code, Country)
4. DATE OF BIRTH	5. PLACE OF BIRTH (City, State, Country)	
6. WERE YOU LEGALLY MARRIED TO THE DECEASED AT THE TIME OF DEATH? (X one)	YES NO	7. DATE OF MARRIAGE
8. ARE YOU A UNITED STATES CITIZEN? (X one)	YES NO	
9. CURRENT BENEFITS a. HAVE YOU APPLIED OR DO YOU INTEND TO APPLY TO THE VETERANS ADMINISTRATION (VA) FOR BENEFITS? (X one) (If yes, complete Box (1), (2), and (3) and also Section C - Affidavit on reverse side)		
(1) VA CLAIM NUMBER	(2) MONTHLY AMOUNT AWARDED \$	
(3) MAILING ADDRESS OF VA OFFICE HANDLING YOUR ACCOUNT (Street, City, State, Zip Code)		
b. ARE YOU RECEIVING ANY OTHER SURVIVOR ANNUITY OF ANY KIND ON THE RECORD OF THIS OR ANY OTHER DECEASED MILITARY MEMBER? (X one) (If yes, complete Box (1), (2), (3), (4), and (5))	YES NO	(1) TYPE BENEFIT (X one) RSFPF SBP
(3) DECEASED MEMBER'S NAME (Last, First, Middle Initial)	(4) DECEASED MEMBER'S SSN	(5) DECEASED MEMBER'S DATE OF BIRTH

DD Form 1884, JUL 85

Replaces DD Form 768 and all previous editions of DD Form 1884.

## APPENDIX L

Reverse of DD Form 1384